

Message Text

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SUBJ: DELAY IN PAYMENT TO WHO OF U.S. 1975 ASSESSED CONTRIBUTION

DEPT ALSO PASS TO EHRLICH, DHEW

REF: STATE 179126

1. IN INFORMING WHO SECRETARIAT OF DELAY IN PAYMENT OF US CONTRIBUTION FOR 1975, IN ACCORDANCE REFTEL, I HAVE LEARNED THE ORGANIZATION IS IN AN EXTREMELY SERIOUS FINANCIAL PLIGHT.
2. AS OF 31 JULY 1975 WHO HAD RECEIVED ONLY 51.04 PERCENT OF CONTRIBUTIONS FROM MEMBER STATES TOWARDS IT EFFECTIVE WORKING BUDGET FOR 1975, AS COMPARED TO 70.37 PERCENT A YEAR AGO. CONTRIBUTIONS STILL TO BE RECEIVED FOR CY 1975 TOTAL \$54,955,810, OF WHICH THE US CONTRIBUTION REPRESENTS \$30,148,930 OR 54.86 PERCENT OF WHAT IS STILL OUTSTANDING.
3. WHO DG MAHLER IS APPEALING TO NINE OTHER MAJOR CONTRIBUTORS TO MAKE SPEEDY PAYMENT OF OUTSTANDING CONTRIBUTIONS TOTALLING \$22,529,394. MEANWHILE, THE ORGANIZATION'S PRESENT CASH FLOW IS INSUFFICIENT TO COVER DISBURSEMENTS FOR AUGUST AND WILL REQUIRE COMPLETE WITHDRAWAL OF THE EXISTING CASH BALANCE OF \$5,223,000 IN THE WORKING CAPITAL FUND, UNLESS SUBSTANTIAL CONTRIBUTIONS ARE RECEIVED FROM REMAINING CONTRIBUTORS BEFORE 31 AUGUST.

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4. IN THE EVENT INSUFFICIENT CONTRIBUTIONS ARE RECEIVED IN AUG-

UST, THE ORGANIZATION'S REGULAR BUDGET PROGRAM WOULD VIRTUALLY COME TO A COMPLETE HALT, SINCE FURTHER DISBURSEMENTS COULD ONLY BE EFFECTED AS AND WHEN FURTHER CONTRIBUTIONS WERE ACTUALLY RECEIVED.

5. WHO'S NORMAL RATE OF DISBURSEMENTS TO IMPLEMENT ITS APPROVED REGULAR 1975 BUDGET PROGRAM IS APPROXIMATELY \$10,000,000 PER MONTH. UNLESS AT LEAST \$20,000,000 FROM CONTRIBUTORS OTHER THAN THE US IS RECEIVED DURING AUGUST AND SEPTEMBER, WHICH WHO STATES IS MOST UNLIKELY ON THE BASIS OF PAST EXPERIENCE, THEN THE ORGANIZATION STATES IT WOULD REQUIRE BETWEEN \$15,000,000 - \$20,000,000 FROM THE US CONTRIBUTION IN AUGUST, REPEAT, AUGUST IN ORDER TO AVOID AN UNPRECEDENTED, CATASTROPHIC FINANCIAL SITUATION. IN SHORT, NO PAYMENT OF SALARIES TO STAFF, NO FURTHER DISBURSEMENTS AND A CANCELLATION OF INCURRED OBLIGATIONS.

6. MOREOVER, REGULAR BUDGET ACTIVITIES INCLUDING FIELD PROJECTS WHICH WOULD HAVE TO BE SUSPENDED, IF NOT CANCELED, COULD NOT BE FULLY RE-ESTABLISHED EVEN IF THE US CONTRIBUTION WERE RECEIVED LATER THIS YEAR. SUCH IMPAIRMENT OF THE ORGANIZATION'S PROGRAMS ADDED TO THE PROGRAM DEDUCTIONS ALREADY MADE BY WHO TO THE EXTENT OF OVER \$9,000,000--AS REPORTED TO WHA IN DOCUMENT A28/33--WILL SERIOUSLY CRIPPLE IMPLEMENTATION OF THE APPROVED CY 1975 PROGRAM.

7. EVEN IF ALL OUTSTANDING CONTRIBUTIONS OTHER THAN THAT FROM THE US ARE RECEIVED IN THE NEAR FUTURE, WHICH WHO AGAIN CONSIDERS IMPOSSIBLE, WHO WOULD STILL FIND ITSELF IN THE SAME SITUATION JUST DESCRIBED BY THIS COMING NOVEMBER. APPARENTLY, FAILURE TO RECEIVE MAJOR CONTRIBUTIONS EARLY IN THE FINANCIAL YEAR HAS MORE SERIOUS CONSEQUENCES IN WHO THAT IN OTHER INTERNATIONAL ORGANIZATIONS SUCH AS THE UN, UNESCO AND ILO, SINCE WHO'S DG HAS NO AUTHORITY TO BORROW FUNDS PENDING RECEIPT OF CONTRIBUTIONS.

8. IN VIEW OF WHO'S PRESENT FINANCIAL PLIGHT AND IN VIEW OF THE COMPLETE UNCERTAINTY OF DATES OF RECEIPT OF REMAINING OUTSTANDING CONTRIBUTIONS, INCLUDING OUR OWN, DIRECTOR GENERAL MAHLER MAY VERY WELL BE COMPELLED TO TAKE IMMEDIATE AND CRITICAL STEPS TO REDUCE ON-GOING PROGRAMS IN ORDER TO AVOID THE RISK OF POSSIBLE INSOLVENCY OF THE ORGANIZATION.DALE

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NOTE BY OC/T: NOT PASSED ABOVE ADDRESSEE.

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